BOULDER CREEK EA - ECONOMICS REPORT

Introduction

The management of the Idaho Panhandle National Forest (IPNF) has the potential to affect local economies. People are an important part of the ecosystem. Use of resources and recreational visitation to the Forest generates employment and income in the surrounding communities and counties and generates revenues that are returned to the federal treasury.

This section presents concepts used to delineate an affected area and methods used to analyze the economic effects of the Boulder Creek Project, including the project feasibility.

Regulatory Framework

NEPA requires that consequences to the human environment be analyzed and disclosed, based on issues. NEPA does not require a monetary benefit-cost analysis. If an agency prepares an economic efficiency analysis, then one must be prepared and displayed for all alternatives [40 CFR 1502.23]. The preparation of NEPA documents is also guided by CEQ regulations for implementing NEPA [40 CFR 1500-1508].

The development of timber sale programs and individual timber sales is guided by agency direction found in Forest Service Manual (FSM) 2430. Forest Service Handbook (FSH) 2409.18 guides the financial and, if applicable, economic efficiency analysis for timber sales.

Affected Environment

The combination of small towns and rural settings, larger towns such as Coeur d'Alene, Idaho, and the urban area of Spokane, Washington create a diverse social environment for the geographical region around the Idaho Panhandle National Forest. Local residents pursue a wide variety of life-styles, but many share a common theme, an orientation to the outdoors and natural resources, especially within the smaller communities. This is evident in both vocational and recreational pursuits including employment in logging and milling operations, outfitter and guide businesses, hiking, hunting, fishing, camping and many other recreational activities.

Timber, tourism and agricultural industries are important to the economy of local areas. Despite the common concern for, and dependence on natural resources within the local communities, social attitudes vary widely with respect to their management. Local residents hold a broad spectrum of perspectives and preferences range from complete preservation to maximum development and utilization of natural resources.

Timber management activities within the project area have the potential to impact the economic conditions of local communities and counties. To estimate the potential effect on jobs and income, a zone of influence (or impact area) was delineated. Counties were selected based on commuting data suggesting a functioning economy and where the timber is likely to be processed (log flows). Recent data on log flows from the IPNF was provided by the University of Montana's Bureau of Business and Economic Research. The zone of influence for this project is comprised of Boundary, Bonner, Kootenai, Benewah, and Shoshone counties in Idaho.

A comprehensive socio-economic analysis was recently completed for the Kootenai Valley Resource Initiative (KVRI) Collaborative Forest Landscape Restoration Project (CFLRP), which includes the Boulder Creek Project. This program is tasked with improving social and economic conditions for the people and communities within the lower Kootenai River watershed. The model used to analyze and

monitor these benefits is TREAT (Treatments for Restoration Economic Analysis). The Boulder Creek project will be a part of this ongoing analysis, which estimates the number of jobs and amount of labor income supported by the CFLRP project.

Methodology

Project feasibility is used to determine if a project is feasible – will it sell, given current market conditions. It relies on the Region 1 Feasibility Analysis. Since both project alternatives include the same unit acres, volumes, and prescriptions there would be no difference in values to compare. Instead the feasibility was based upon the Proposed Action comparing the inclusion of helicopter yarding or not at the current period of feasibility. The estimated stumpage value for each proposed action version was compared to the base rates (revenues considered essential to cover regeneration plus minimum return to the federal treasury) for that alternative. The project is considered to be feasible if the estimated stumpage value exceeds the base rates. If the feasibility analysis indicates that the project is not feasible (estimated stumpage value is less than the base rates), the project may need to be modified. The infeasibility indicates an increased risk that the project may not attract bids and may not be implemented.

Many of the costs and benefits associated with a project are not quantifiable. For example, the benefit to wildlife from habitat improvement is not quantifiable. These costs and benefits are described qualitatively, in the individual resource reports. Title 40, Code of Federal Regulations for NEPA (40 CFR 1502.23) indicates "For the purposes of complying with the Act, the weighing of the merits and drawbacks of the various alternatives need not be displayed in a monetary cost-benefit analysis and should not be when there are qualitative considerations."

Management of the forest is expected to yield positive benefits, but not necessarily financial benefits. Costs for various vegetation, road and burning activities are based on recent experienced costs and professional estimates.

Environmental Consequences

Project Feasibility

The estimation of project feasibility was based on an R1 alternative feasibility model, which took into account logging system, timber species and quality, volume removed per acre, lumber market trends, costs for slash treatment, and the cost of specified roads, temporary roads and road maintenance.

Changes to resources like fisheries and wildlife habitat have been measured using changes to habitat conditions and will not be described in financial or economic terms for this project. See the fisheries and wildlife reports.

Table 1 summarizes the base rates, delivered log price and total revenue for each alternative. Alternatives compared to the most efficient solution are a component of the economic trade-off, or opportunity cost, of achieving that alternative. The no action alternative would not harvest, plant trees, or take other restorative actions and, therefore, incur no costs. As indicated earlier, many of the values associated with natural resource management are non-market benefits. These benefits should be considered in conjunction with the information presented here.

Table 1 - Project Feasibility

Category	Measure	No Action	Proposed Action	Proposed Action – No Helicopter
Timber Harvest	Acres To Be Harvested	0	3433 ac	3088 ac
	Appraised Stumpage Rates ($/CCF)	$0	$7.85/CCF	$29.65/CCF
	Amount Deficit ($/CCF)	$0	$20.15/CCF	$0.00/CCF
	Delivered Log Price to Breakeven ($/MBF)	$0	$400.31/MBF	$354.71/MBF
	Total Estimated Volume CCF/MMBF	0	66,216 CCF 34.3 MMBF	59,316 CCF 30.9 MMBF
	Predicted High Bid	$0	$7.85/CCF	$29.65/CCF
	Predicted High Bid Value	$0	$519,796	$1,758,719

The proposed action with no (deferred) helicopter logging is more economically feasible at this time due to the current high stump to truck costs. The no helicopter version generates more total revenue that may be used to fund other restoration projects not included in the timber sale design criteria. At a future date, if helicopter yarding becomes more feasible in local timber markets, we may be able to sell these units and accomplish more restoration work on the ground.

Cumulative Effects

Many factors influence and affect the local economies, including changes to industry technologies, economic growth, international trade, adjacent private and state forest management, and the economic diversity and dependency of the counties. Past, present and reasonably foreseeable activities on National Forest and other lands within the project area would not have a measurable effect on the economic issues for these alternatives. Therefore, there would be no cumulative effects. However, the jobs and income associated with the action alternatives, are expected to bring the local economy some increased relative stability during the life of the project.